MEMO

To:	Board Members
From:	Susie Keegan, Programme Director
	Eric Sinclair, Programme Sponsor
Date:	23 January 2019
Subject:	**UPDATE: Indicative Business Case Programme**

Status

This report contains:
☐ **For decision**
✓ **Update**
☐ **Regular report**
☐ **For information**

Introduction

The purpose of this memo is to provide an update to the Board on the Indicative Business Case (IBC) Programme progress. The update is presented around the three key workstreams comprising the IBC programme. These three workstreams and the current assessment of status for each is shown in the following table.

IBC Programme Overall	Clinical Services Plan	Pre-Design & Masterplanning	Indicative Business Case
On Track	On Track	On Track	On Track

Key Highlights

The following are the key highlights of the Programme over the last couple of months:

- Update paper for the Minister of Health completed and submitted to Minister, Ministry and Treasury
- Continued strong engagement from the clinical teams
- Development of the long options list and good progress to determine the short options list
- Very positive meeting with MOH and Treasury to provide update on progress and review the long options list development.

Clinical Services Plan

Scope

Capacity planning for hospital services and facilities requires a 'whole system' context for future demand, models of care and delivery settings. The NMDHB Clinical Service Plan (CSP) is currently being developed to inform planning for future facilities configuration and capacity requirements, and in particular the IBC for capital investment in Nelson hospital. The CSP, is comprised of the following key inputs:

- Health Needs Assessment (HNA) refresh
- Demand, capacity and workforce projections, including primary and aged residential care
- Analysis of current utilisation of services, outcomes and performance against benchmarks
- Planning Framework
- Departmental Survey (clinical and non-clinical)
- Strategic configuration issues and options.

Progress

Steady progress has been made in advancing the CSP workstream. There has been intensive engagement with the Oversight Group, CEG, supplementary clinicians and the MOC Clinical Working Group through a series of workshops and meetings over the past three months. Of note:

- Health Needs Assessment refresh completed
- 20-year inpatient, outpatient, primary care, aged residential care and workforce baseline projections have been completed, presented and discussed with the CEG and MOC Clinical Working Group
    - Baseline inpatient bed projections for Nelson, Wairau and Alexandra hospitals account for demographic growth expected if the utilisation that occurred in 2017 was to continue in the future
    - The projections initially made no attempt to “right-size” the current state, nor did they account for other demand drivers and future changes in models of care. Identification and quantification of these aspects is currently being advanced and there is still some refinement of the 2017 baseline data ongoing
    - Mental Health outpatients data is yet to be provided
    - Projection scenarios are being developed.
- Draft Clinical Services Planning Framework is substantially completed
- Departmental survey completed
    - A survey of all clinical and non-clinical departments across Nelson and Wairau hospitals was deployed in October 2018 to provide service-level feedback on current and future state issues and opportunities that should be considered for future facility planning
    - The information gathered from each department has been analysed by the EY and Klein team, any issues clarified with the respective department, and findings presented to and tested with the CEG and MOC Clinical Working Group.
- First two (of three) phases of intensive stakeholder engagement addressing the Strategic Configuration Issues and setting assumptions for the CSP and masterplan are complete
    - Strategic Configuration Issues have been identified and workshopped with CEG, CWG, MH clinicians and the Board
    - The options to address these issues are being refined further and will be advanced through MOG approval of CEG recommendations
    - ELT and the Board are being taken on the journey through regular updates
    - The five strategic configuration issues are noted below:

1. What will be the respective clinical service roles of Nelson and Wairau hospitals? Where will facility capacity growth occur?
2. Will the clinical capability of Nelson Hospital be increased through repatriation of any upper secondary or tertiary services that are currently managed as outward IDFs?
3. What will be the future configuration of outpatient services?
4. What will be the future configuration of mental health & addiction services in Nelson?
5. What contribution will primary and community services make to control of growth in acute hospital attendances and admissions? What DHB specialist and community services should be located in the hubs or other community settings vs on the hospital campus?

A number of these issues are interconnected

Pre-Design and Masterplanning

The pre-design and masterplanning phase of the programme is being led by health planners and masterplanning specialists, Klein Limited, and is informed by seismic and building condition assessments and other assessments prepared by Beca Ltd (Beca).

Significant progress has been made in advancing this phase of the programme. Of note:

- Key seismic and building conditions assessments for the Nelson hospital campus have been completed by Beca
- Existing site and facilities information have been reviewed by Klein, including recent Beca assessments and CAD drawings
- Extensive engagement with NMH facilities teams, including site visits of Nelson and Wairau Hospitals
- Site information has been converted into to stacking models
- Development of long list and short list options and outline Schedules of Accommodation has been advanced significantly and is in the process of iterative refinement and testing.

A long list of six options, each with multiple variants were identified and subsequently validated by the CEG in a workshop facilitated by EY and Klein on 7 November 2018. The long-list considered a range of potentially feasible scope, scale, configuration and location options[1]. The five proposed short list options are noted in red.

Long list option	Option variant
Option 1: Full greenfield (new site)	A - Richmond B - Stoke

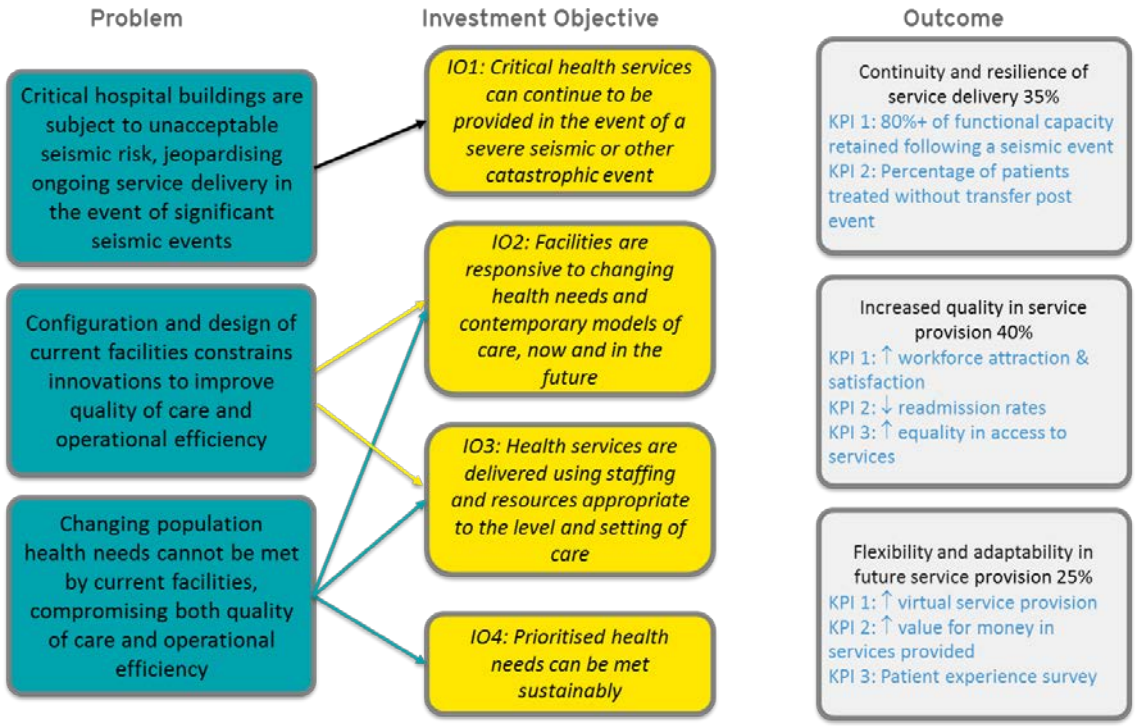
[1] We note that outsourcing service delivery models are considered within the CSP workstream and conclusions will inform the IBC short list options development. A "do nothing" case was not considered as it has been demonstrated that the seismic risk of the Percy Brunette, George Manson and services tunnel necessitates a level of investment.

	C - Annesbrook
Option 2: Greenfield (Broads fields)	A – Full greenfield B - Partial greenfield (new acute services block)
Option 3: Brownfield (existing site)	
Option 4: Staged redevelopment – Strengthen and Retain George Manson and Percy Brunette	A – new ASB, retain existing radiology and ED ("do minimum") B – new ASB, including radiology and ED
Op**tion 5:** Staged Redevelopment – Demolish George Manson, Strengthen and Retain Percy Brunette	A – new ASB, retain existing radiology and ED B - new ASB, including radiology and ED
Option 6: Staged Redevelopment – Demolish George Manson and Percy Brunette	A – new ASB, retain existing radiology and ED B - new ASB, including radiology and ED C – new ambulatory care adjacent to current footprint, new ASB on current Percy footprint

In addition to the foregoing long list options, further mental health sub-options have been developed. These options will be explored within the short list options once the short list has been confirmed and will be informed by the seismic and building condition assessments that are currently being advanced by Beca.

Indicative Business Case
Extensive progress has been made in advancing the IBC. The Investment Logic Map (ILM) has been developed, critical success factors identified and a wide range of feasible options for addressing the defined problems have been considered and the 'do minimum' scenario is being further tested.

Three key problems and four investment objectives have been defined and mapped. These, along with the Critical Success Factors for the project, have been used to assess the long list options and identify the short list that will be subject to further analysis.



Other Key Programme Activities and Risks

- Regular meetings and correspondence with MOC Programme Director to ensure programmes inform each other and link up where required
- Weekly project team meetings, including full design/consultancy team
- Ministerial update provided following Board meeting on 27 November
- Meeting with the Treasury and Ministry on 11 December to present and discussion masterplanning options and progress to date. Feedback from both parties has been very positive
- Significant risks remain around timeline due to ambitious timeframes for the programme and consequent impact on clinician and management availability and capacity to engage and provide timely information where required. While programme is currently on track, we foresee an inevitable two week slippage mid-February due to availability of information
- The communications plan for IBC programme has started to be developed and deployed with the commencement of the new staff member in the Communications team. This needs to be progressed urgently in the new year
- As the IBC programme progresses we are finding the need for additional work to be completed. Some of this will need to be at a broad "thought stage" for the IBC and need to be significantly developed as we move past the IBC into the DBC stage. These areas include:
  - Workforce strategy
  - ICT strategy
  - MOC advancements.
- An "office policy" also needs to be developed to inform the space requirements for the schedule of accommodation.

Next Steps

- Phase 3 planning workshops to test and refine assumptions for the short list options (14 January – 8 February)

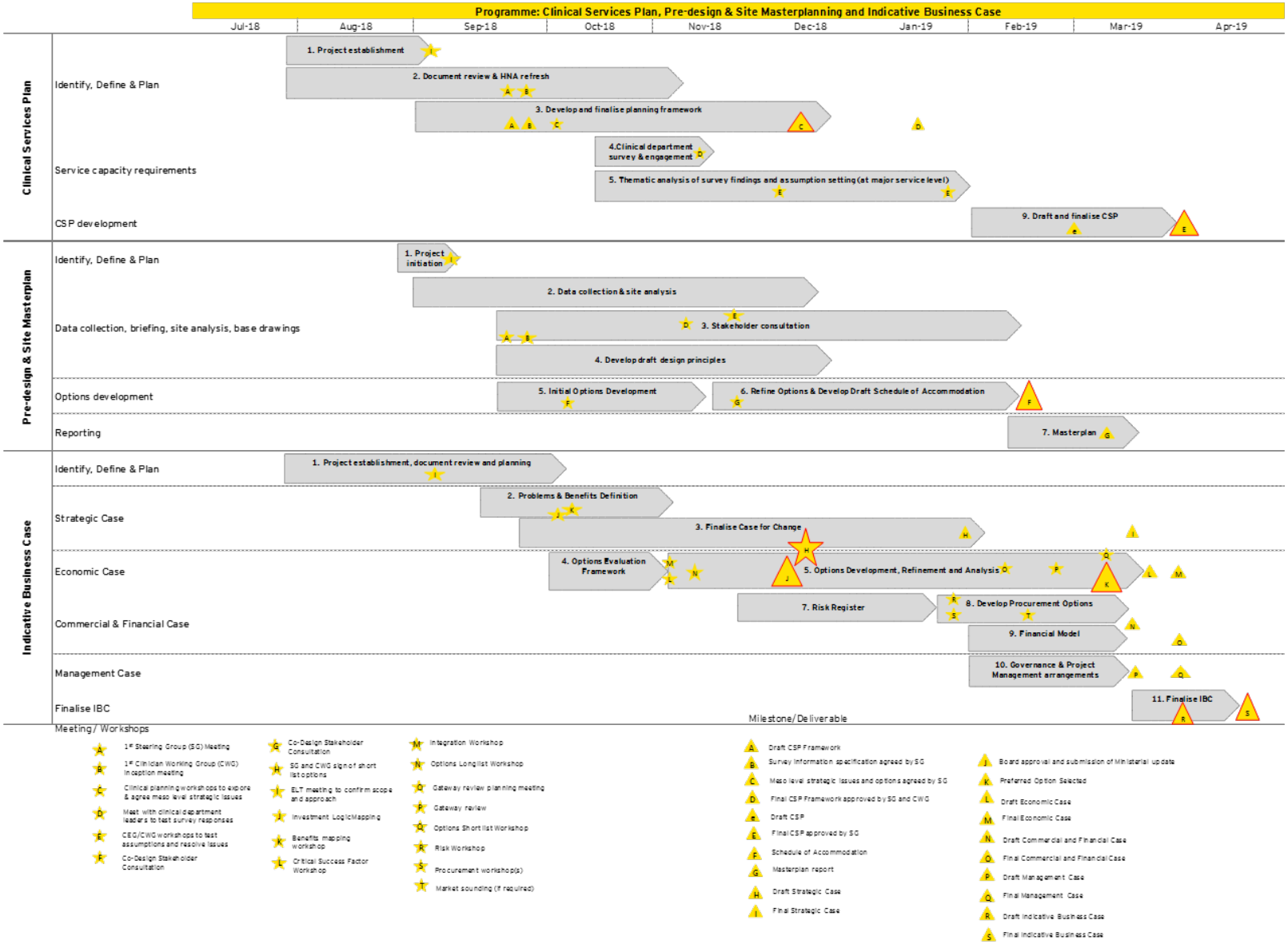
- Schedule of Accommodation for short list options (February 2019)
- Clinical Services Plan circulated for feedback (March 2019)
- Preferred Nelson hospital masterplanning option presented (March 2019)
- Masterplan report presented to NMH (March 2019)
- Draft IBC circulated for NMH review (April 2019) followed by a yet to be determined schedule external review
- External review and approval of the IBC by the various entities.

Susie Keegan
Programme Director

Eric Sinclair
Programme Sponsor

RECOMMENDATION:

THAT THE BOARD NOTES THE UPDATE ON THE INDICATIVE BUSINESS CASE PROGRAMME.


Programme: Clinical Services Plan, Pre-design & Site Masterplanning and Indicative Business Case
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Apr-19
Clinical Services Plan
Identify, Define & Plan
Service capacity requirements
CSP development
1. Project establishment
2. Document review & HNA refresh
3. Develop and finalise planning framework
4.Clinical department survey & engagement
5. Thematic analysis of survey findings and assumption setting (at major service level)
9. Draft and finalise CSP
Pre-design & Site Masterplan
Identify, Define & Plan
Data collection, briefing, site analysis, base drawings
Options development
Reporting
1. Project initiation
2. Data collection & site analysis
3. Stakeholder consultation
4. Develop draft design principles
5. Initial Options Development
6. Refine Options & Develop Draft Schedule of Accommodation
7. Masterplan
Indicative Business Case
Identify, Define & Plan
Strategic Case
Economic Case
Commercial & Financial Case
Management Case
Finalise IBC
1. Project establishment, document review and planning
2. Problems & Benefits Definition
3. Finalise Case for Change
4. Options Evaluation Framework
5. Options Development, Refinement and Analysis
7. Risk Register
8. Develop Procurement Options
9. Financial Model
10. Governance & Project Management arrangements
11. Finalise IBC
Meeting/ Workshops
A 1st Steering Group (SG) Meeting
B 1st Clinician Working Group (CWG) inception meeting
C Clinical planning workshops to explore & agree meso level strategic issues
D Meet with clinical department leaders to test survey responses
E CEG/CWG workshops to test assumptions and resolve issues
F Co-Design Stakeholder Consultation
G Co-Design Stakeholder Consultation
H SG and CWG sign of short list options
I ELT meeting to confirm scope and approach
J Investment Logic Mapping
K Benefits mapping workshop
L Critical Success Factor Workshop
M Integration Workshop
N Options Longlist Workshop
O Gateway review planning meeting
P Gateway review
Q Options Short list Workshop
R Risk Workshop
S Procurement workshop(s)
T Market sounding (if required)
Milestone/Deliverable
A Draft CSP Framework
B Survey information specification agreed by SG
C Meso level strategic issues and options agreed by SG
D Final CSP Framework approved by SG and CWG
e Draft CSP
E Final CSP approved by SG
F Schedule of Accommodation
G Masterplan report
H Draft Strategic Case
I Final Strategic Case
J Board approval and submission of Ministerial update
K Preferred Option Selected
L Draft Economic Case
M Final Economic Case
N Draft Commercial and Financial Case
O Final Commercial and Financial Case
P Draft Management Case
Q Final Management Case
R Draft Indicative Business Case
S Final Indicative Business Case